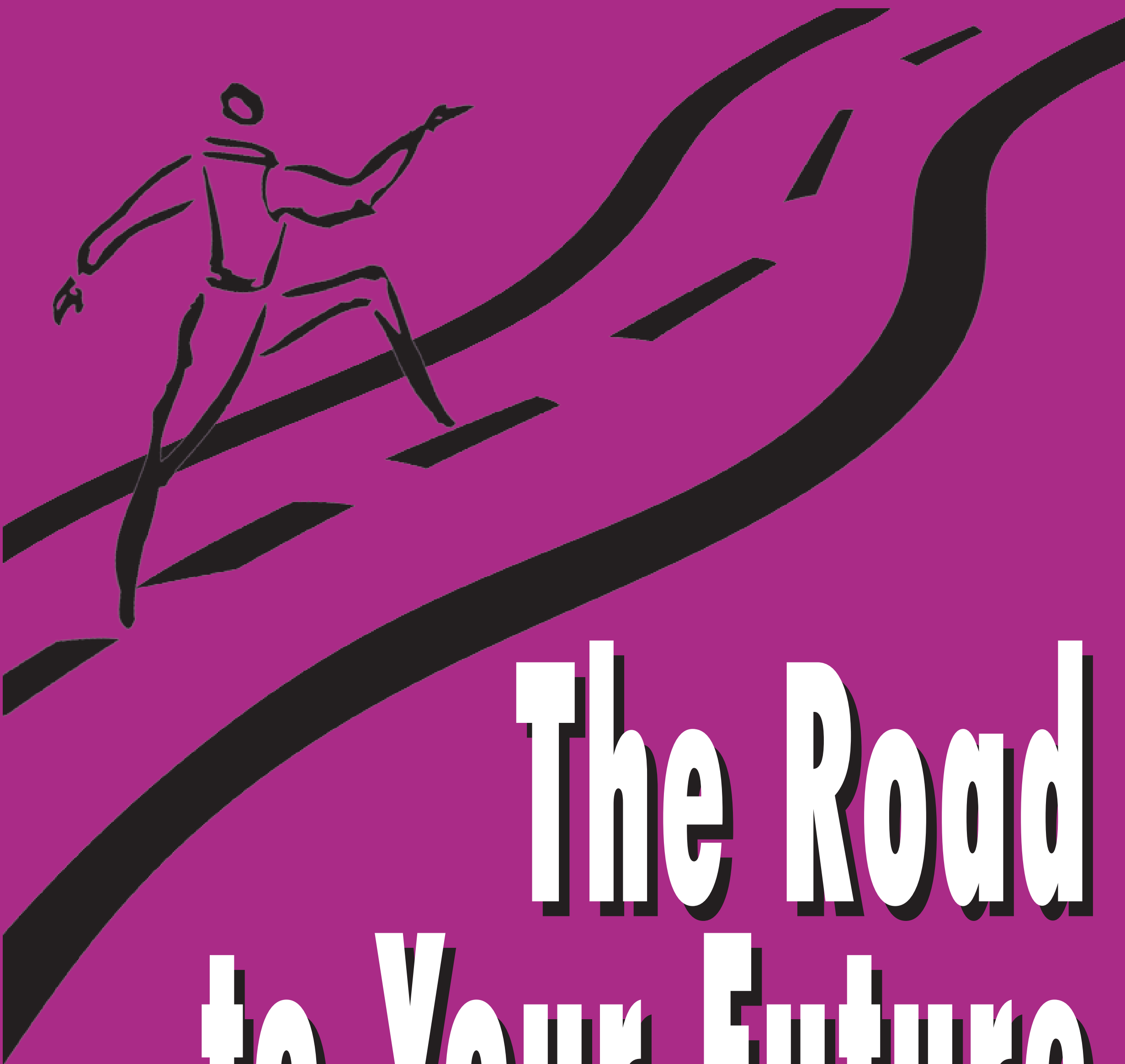
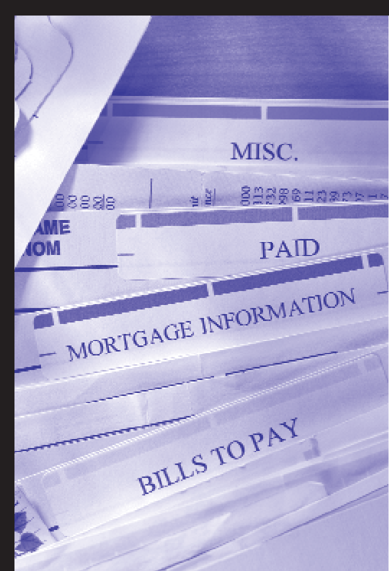


The Road to Your Future

August 2003

Entrance



Entrance Counseling

Keep in mind that you will have to repay your loan(s) even if you don't finish school, aren't satisfied with your education, or are unable to find a job. Plan ahead for repaying your loan, and budget wisely.

You have started on the road to your future. Continuing your education is a decision you made to improve yourself and your potential. It's also an investment of your time, effort, and money.

Now that you've borrowed money to help pay for college, the Missouri Department of Higher Education, wants to make you aware of the long-term effects of educational borrowing. Repaying your student loan(s) is a responsibility that won't go away until you pay your loan(s) in full. This guide will help you manage your Federal Family Education Loan Program (FFELP) debt through careful planning.

Remember:

- ✔ **Loans must be repaid even if you do not complete your program or you are unhappy with the quality of your program.**
- ✔ **The amount of money you borrow now can affect your lifestyle after school.**
- ✔ **Your ability or inability to repay this loan can affect your credit-worthiness for other purchases, such as a car or a home.**
- ✔ **Failure to repay may increase your total debt, because collection costs can be added to your loan.**

Tip

Keep a file of your student loan records. You will be glad you did!

Keep copies of the following information — preferably in one place (like in this folder):

- Loan applications and promissory notes
- Student Aid Reports (SARs) and verification worksheets
- Disclosure statements
- Receipts (for example, from your school cashier's office)
- Financial aid award letters
- Deferment and forbearance requests
- All financial aid correspondence to and from your school, lender, guarantor, or servicer
- Names, dates, and brief descriptions of phone conversations with your lender
- Entrance and exit interview forms
- Your Borrower Rights and Responsibilities Checklist
- Other financial aid forms and applications
- Brochures and other loan information from your school, lender, guarantor, or servicer

Create a Budget

Budgeting puts you in control and will help you make better decisions about financing your education. As you complete your budget worksheet, remember:

Before you decide how much to borrow, take a look at your budget for school and make some choices. Do not borrow more than you need!

- ✔ **Be realistic! Do not cut basic necessities.**
- ✔ **Be flexible! It will not work if it is too tight or too loose.**
- ✔ **Keep it simple! Don't get so detailed that your budget becomes a chore instead of a useful tool.**
- ✔ **Give it time!**
- ✔ **Keep it updated!**

Completing your budget worksheet can be easy…REALLY!

1. Identify all your sources of income for the academic year, such as savings, help from parents and relatives, gifts, financial aid, salary, and any other sources. **RECORD AND TOTAL YOUR RESOURCES.**

2. Calculate your living expenses. Include the academic year's tuition, room and board, books, fees, utilities, transportation, entertainment, and medical and personal expenses. **RECORD AND TOTAL YOUR EXPENSES.**

3. Subtract your expenses from your resources to calculate the remaining funds, or your **DISCRETIONARY INCOME,** for the academic year. If you have money left over or if you "break even," you are set. If you do not have enough money, consider the alternatives to borrowing on page 4 and make any necessary adjustments.

Tip

Plan ahead!

- **Estimate your anticipated salary level AFTER you graduate to determine what loan payments you'll be able to afford. You also may want to develop a post-graduate budget.**

- **Be sure you will have affordable debt levels at the time you begin repaying your student loan. See pages 20 and 21 for sample student loan repayment charts, then complete the simple equation on page 4. This will help you estimate what percentage of your monthly income your loan payment will be.**

Budget Worksheet

Academic Year ______

1

Resources	**Academic Year**
SAVINGS, FAMILY CONTRIBUTION, GIFTS	______
INCOME (includes employment earnings, college work-study, and nontaxable income)	______
GRANTS (may include federal, state, and/or private assistance that does not have to be repaid, such as the Federal Pell Grant, Federal Supplemental Educational Assistance Grant (SEOG), and the Charles Gallagher Student Financial Assistance Grant)	______
SCHOLARSHIPS (may include state, institutional, or private assistance that does not have to be repaid, such as tuition waivers/credits, stipends, assistantships/fellowships, and the Missouri Higher Education Academic "Bright Flight" Scholarship)	______
LOANS (may include the Federal Perkins Loan, Federal Stafford Loan, Federal PLUS Loan, and institutional and private loans)	______
MISCELLANEOUS FINANCIAL AID (may include assistance received from other sources, such as vocational rehabilitation)	______
TOTAL ACADEMIC YEAR RESOURCES	

2

Expenses	**Monthly**	**Academic Year**
SAVINGS PLAN(S)	______	______
EDUCATIONAL (includes tuition, fees, books, supplies, and special equipment)	______	______
ROOM AND BOARD (includes rent or mortgage, utilities, phone, and groceries or meal plan)	______	______
TRANSPORTATION (includes car payment, gas, oil, and repairs)	______	______
PERSONAL (includes household supplies, clothing, dry cleaning/laundry, and other personal items)	______	______
INSURANCE (includes medical, life, car, and personal property insurance)	______	______
DISCRETIONARY (includes entertainment, gifts (e.g., charities, holidays), and membership fees (e.g., gym))	______	______
MISCELLANEOUS (includes child care, alimony or support, installments (e.g., credit cards), and emergencies)	______	______
TOTAL ACADEMIC YEAR EXPENSES		

3

Remaining Academic Year Funds

Academic Year Resources		
minus Academic Year Expenses	—	
equals Discretionary Income	=	

Plot Your Payment

A. Record your estimated annual gross income at the time you plan to graduate. **[A = annual gross income]**

B. Divide your estimated annual gross income by 12 to get your estimated monthly gross income. **[B = A ÷ 12]**

C. Using the repayment charts on pages 20 and 21, find the total loan amount you plan to borrow (for all years of college). Then move to the right until you come to the column closest to the interest rate of your loan(s), and record the monthly payment amount. **[C = monthly loan payment]**

D. Calculate what percentage of your gross monthly income your monthly student loan payment(s) will be. **[D = (C ÷ B) x 100]**

Is this figure 8 percent or less? (See tip on page 5)

Consider Alternatives to Borrowing

The result of comparing income and expenses on paper may be shocking. But by increasing your income and/or decreasing your expenses, you may be able to borrow less.

Ways to Increase Your Resources

✔ **Work** – Internships, part-time jobs, summer and holiday work, tutoring, and baby-sitting provide extra money as well as valuable work experience and references.

✔ **Your School** – Your school may offer work-study programs and special opportunities for graduate students (such as assistantships). Also, student employment opportunities may be available on your campus.

✔ **Tuition Reimbursement** – Many companies and agencies will reimburse all or part of their employees' college tuition expenses.

✔ **Cooperative Education** – Contact your school to see if it offers a work-for-credit program.

✔ **Tax Relief** – The Taxpayer Relief Act of 1997 created tax credits (the HOPE Scholarship and the Lifetime Learning Credit) for individuals paying tuition and related educational expenses.

You may be able to claim a federal income tax deduction for interest payments you make on federal student loans.

Contact the IRS at www.irs.ustreas.gov and refer to "Publication 970" for more information about tax credits and student loan interest deductions.

✔ **Sponsorship** – Some organizations and companies pay for education in return for work after graduation. For example, some rural towns and counties will pay for medical school in exchange for the student returning to work in that community for a certain length of time.

✔ **ROTC Program or Military Reserves** – Check with local military recruiters about educational financing options.

✔ **Reduced Discretionary Spending** – It may be necessary to reduce or eliminate spending for items that are not absolutely necessary. For example, eliminate cable television, reduce the number of trips to the movie theatre or go to the library for books and magazines instead of buying your own copies.

✔ **Financial Assistance** – Contact the Missouri Department of Higher Education Information Center for free information and assistance.

MDHE Information Center
(800) 473-6757 option 1
(573) 751-3940
Monday – Friday (except holidays)
8 a.m. to 5 p.m. CST
www.dhe.mo.gov
icweb@mocbhe.gov

Also, be sure to look close to home. Many businesses (possibly your parents' employers), community groups, religious groups, and professional, civic, and service organizations offer scholarships. Be sure to search the Internet for scholarship information as well. Contact for a list of free online financial aid search tools and other resources on the Internet.

Be Informed About Your Loan

FFELP loans offer convenient repayment options in addition to the standard 10-year repayment term (see page 12 for details).

By now, you know you are receiving or have received a FFELP loan. You also should know who your loan holder is and which guaranty agency (either the Missouri Student Loan Program or another) is guaranteeing your loan.

The FFEL Program offers four types of student loans:

- ✔ **Subsidized Federal Stafford Loans**
- ✔ **Unsubsidized Federal Stafford Loans**
- ✔ **Federal Parent Loans for Undergraduate Students (PLUS)**
- ✔ **Federal Consolidation Loans**

The next few pages contain important details about FFELP loans, including interest rates, processing fees, and borrowing limits. Take a moment to read about the type of loan(s) you are receiving.

Did you know about 8 percent?

Most lenders recommend that student loan payments not exceed 8 percent of your monthly gross income. Your total non-mortgage debt (including student loans, car loans, and credit cards) should not exceed 12 percent of your net income.

List your loan(s) now, while the topic is fresh in your mind!

List your loan(s) in the student loan record on the inside pocket of the back cover. Use a pencil, so you can update information as necessary. If you are uncertain about your current loan amount(s) or loan holder(s), check your student loan records on the National Student Loan Data System (NSLDS) at www.nslds.ed.gov. If you do not have internet access, you can call (800) 4FEDAID for this information.

Subsidized and Unsubsidized Federal Stafford Loans

The subsidized Federal Stafford Loan is based on financial need, which is determined by using a federal formula. A loan is "subsidized" when the federal government pays the interest for you:

- ✔ **while you are enrolled in school at least half time,**
- ✔ **during your six-month grace period (after you stop attending school at least half time), and**
- ✔ **during authorized deferment periods.**

The unsubsidized Federal Stafford Loan is not based on financial need and is available to all students regardless of income (as long as your total expected financial assistance does not exceed your cost of attending school). Because this loan is not subsidized by the federal government, you are responsible for paying all interest that accrues during in-school, grace, deferment, and forbearance periods. You can make interest payments while in school, or you can defer (and accumulate) the interest until you stop attending school at least half time and begin repayment. *Deferring interest payments will cost you more in the long run.*

Stafford Loan Interest Rate

This variable rate is adjusted annually on July 1. Your lender will provide you with the actual interest rate on your loan.

When	Variable Rate Based on	Cap
During in-school, grace, and deferment periods	91-day T-bill + 1.7%	8.25%
During repayment (begins 6 months + 1 day after the last day of at least half time attendance)	91-day T-bill +2.3%	8.25%

Stafford Loan Processing Fees

Fee	Maximum Amount	Paid to
Origination	3% of loan amount (This fee may be paid all, or in part, by your lender.)	U.S. Department of Education
Guarantee	1% of loan amount **(Loans guaranteed by the MSLP on or after July 1, 1999, will not have a guarantee fee assessed.)**	Guaranty agency (MSLP)

Stafford Loan Standard Repayment Terms

See page 12 for additional repayment options.

Maximum Repayment Period	Minimum Payment Amount
10 years	$50 per month

Master Promissory Note

If you have applied for a Federal Stafford Loan, you will be asked to sign a Master Promissory Note (MPN). If you are attending school in the United States, you may be able to receive subsequent loans for up to 10 years without signing another note. Each year, your school will notify you of the Federal Stafford Loan amount for which you are eligible. You have the right to **reduce or refuse** your Federal Stafford Loan amount and to revoke your lender's ability to make subsequent loans under an existing MPN at any time. Contact your school or lender for more information about how to exercise these rights.

Often, loans are sold to a holder as they near repayment, so it is a good idea to contact your preferred lender to ensure that your lender retains the right to make additional loans for you under your existing MPN. If you decide to change lenders, you must sign another MPN. If you transfer to another school, you may be eligible to receive additional loans under an existing MPN. In that case, you should advise your school that you have received previous loans from a particular lender under an existing MPN.

Depending upon the school you attend, you may be required to sign an MPN for each loan you receive. Your school will inform you about its MPN procedures.

Stafford Loan Annual Borrowing Limits

	Subsidized Loans	Unsubsidized Loans			
	All Students	***Dependent Students***	***Independent Students***		
Borrower's Academic Level	Annual Limit	Annual Limit *(Sub + Unsub)*	Base Amount *(Sub + Unsub)*	Additional Unsub	Annual Limit *(Total Sub + Unsub)*
1st Year Undergraduate: • less than one year • one year	prorated $2,625	prorated $2,625	prorated $2,625	prorated $4,000	prorated $6,625
2nd Year Undergraduate: • less than one year • one year	prorated $3,500	prorated $3,500	prorated $3,500	prorated $4,000	prorated $7,500
3rd Year and Remaining Undergraduate: • less than one year • one year	prorated $5,500	prorated $5,500	prorated $5,500	prorated $5,000	prorated $10,500
Graduate or Professional	$8,500	n/a	$8,500	$10,000	$18,500

Stafford Loan Aggregate Borrowing Limits

(cumulative for all years of school)

	Subsidized Loans	Unsubsidized Loans			
	All Students	***Dependent Students***	***Independent Students***		
Borrower's Academic Level	Aggregate Limit	Aggregate Limit *(Sub + Unsub)*	Base Amount *(Sub + Unsub)*	Additional Unsub	Aggregate Limit *(Total Sub + Unsub)*
Undergraduate	$23,000	$23,000	$23,000	$23,000	$46,000
Graduate or Professional	$65,500	n/a	$65,500	$73,000	$138,500*

* Certain health care profession borrowers can exceed $138,500.

Federal PLUS Loans

The Federal PLUS loan is available to help parents pay for their dependent children's postsecondary education.

PLUS loans are not based on financial need, so parents of all income levels are eligible. A natural parent, stepparent, or adoptive parent with no adverse credit history may borrow for each dependent child who is enrolled in school at least half time and who is maintaining satisfactory academic progress, as determined by the school. The borrowing limit for a PLUS loan is based on the cost of attendance at the dependent child's school minus expected financial assistance.

PLUS borrowers must begin repaying PLUS loans within 60 days after the full loan amount is disbursed. Parents may contact the financial aid office at their child's school or the MDHE Information Center at (800) 473-6757 option 1, (573) 751-3940, or icweb@mocbhe.gov for more information.

PLUS Loan Interest Rate

This variable rate is adjusted annually on July 1. The lender will provide your parent with the actual interest rate.

Variable Rate Based on	Cap
91 day T-bill +3.1%	9%

PLUS Loan Processing Fees

Fee	Maximum Amount	Paid to
Origination	3% of loan amount	U.S. Department of Education
Guarantee	1% of loan amount	Guaranty agency (MSLP)

(Loans guaranteed by the MSLP on or after July 1, 1999, will not have a guarantee fee assessed.)

PLUS Loan Standard Repayment Terms

See page 12 for additional repayment options.

Maximum Repayment Period	Minimum Payment Amount
10 years	$50 per month

PLUS Loan Borrowing Limits

Maximum Aggregate Limit	All PLUS Borrowers
None	Educational Costs – Grants, Scholarships, Loans, and Other Aid = Amount Parent May Borrow

Receiving Your Loan Funds

The federal government usually requires that you receive your FFELP loan in multiple disbursements. Do not expect to receive all the money at once.

Depending on your school's financial assistance procedures, your FFELP loan funds will likely be disbursed in one of two ways:

✔ **by electronic funds transfer (EFT).** With EFT, your funds are electronically transmitted from your lender to your school and then deposited into your school account. This method usually is quicker than receiving a paper check. Through the Master Promissory Note, your signature will automatically authorize your school to disburse via EFT unless you request otherwise in writing.

✔ **by paper check.** Your lender will send your school a check that is payable to you and your school. Your school will require you to sign your check before the funds are deposited into your school account.

✔ **You cannot receive, or keep loan funds you've already received if you:**

- Do not enroll at least half-time at your school,
- Never attend at least one day of classes,
- Use your loan to pay for anything other than educational expenses at the school who gave you your loan, or
- Provide false information that causes you to receive a loan that you are not eligible for.

- **To continue to receive FFELP funds, you must maintain satisfactory academic progress as defined by your school.**
- **Check your school's catalog or handbook for its minimum cumulative grade point average and maximum time period for completion of your program of study.**

Know When Your First Payment Is Due

Your loan holder will send you a repayment schedule before your first payment is due. This schedule contains detailed information about your loan payments, including when your first and subsequent monthly payments are due.

Depending on the type of FFELP loan(s) you received, you'll generally begin repayment within 60 days to six months after you graduate, leave school, or drop to less than half-time enrollment. **Notify your loan holder any time your enrollment status changes.**

Grace Period

Your grace period is the time period between the day you are no longer enrolled at least half time and the day you must begin repayment. Grace periods apply only to Federal Stafford Loan borrowers and to some Federal Supplemental Loan for Students (SLS) borrowers who also have Federal Stafford Loans.

Military reservists who are called to active duty for more than 30 days while in school or in the grace period are entitled to an extension of the grace period, not to exceed three years. This three-year period may include the time necessary for you to re-enroll at the next regularly scheduled enrollment opportunity.

When Repayment Begins

Subsidized Federal Stafford Loan Borrowers
After you graduate, leave school, or drop to less than half-time enrollment, you have a six-month grace period before you must begin repayment. During this time, the federal government pays the interest that accrues on your subsidized loan(s).

Unsubsidized Federal Stafford Loan Borrowers
After you graduate, leave school, or drop to less than half-time enrollment, you have a six-month grace period before you must begin repayment. However, as soon as your unsubsidized loan was disbursed, it began accruing interest. (You either chose to pay the interest in monthly or quarterly installments OR to defer interest until you must begin repaying the loan principal.) Deferred interest payments will be accumulated and added to the principal (capitalized) when repayment begins, thus increasing your total loan debt.

Federal SLS Borrowers
If you have BOTH Federal Stafford and SLS loans that have not yet entered repayment, you have the option of requesting a six-month grace period (sometimes called "alignment") for your SLS loan. During this time, interest continues to accrue on the SLS portion of your loan as well as on any unsubsidized Stafford Loans. If you do NOT request this option, you must begin repaying your SLS loan within 60 days after your in-school deferment ends. (See page 13 for more information about this deferment option.)

Federal PLUS Borrowers
The first payment is due within 60 days after the loan is fully disbursed. However, it is possible that an interest payment will be due before this time. If you received your Federal PLUS loan before July 1, 1993, you may have requested from your lender the option to defer repayment while your dependent student was enrolled in school full time.

Federal Consolidation Loan Borrowers
Your first principal payment is due within 60 days after the Federal Consolidation Loan is disbursed to the lender(s) holding your underlying loan(s). Interest begins accruing the day the Federal Consolidation Loan is disbursed. If you consolidate your loans during your grace period, you will forfeit any remaining grace period.

Tip

Do not get caught off guard!

Do not be surprised if you receive repayment information from a different holder than the one listed on your loan application. Lenders often sell student loans to secondary markets. If your loan is sold, you will be notified in writing and given the name, address, and phone number of the new holder.

Remember: Your loans are due when your grace period ends, whether or not you receive repayment information. If you are nearing repayment and have not received this information, contact your lender or guarantor!

Student Loan Interest Payments

Students who pay interest on their loans while in school can reduce their total debt and may have lower monthly payments after they leave school. See the chart below to estimate interest payments on your student loan debt.

			Monthly Interest				
Principal	3%	4%	5%	6%	7%	8%	8.25%
$2,625	$6.56	$8.75	$10.94	$13.13	$15.31	$17.50	$18.05
$5,000	$12.50	$16.67	$20.83	$25.00	$29.17	$33.33	$34.38
$7,500	$18.75	$25.00	$31.25	$37.50	$43.75	$50.00	$51.56
$10,000	$25.00	$33.33	$41.67	$50.00	$58.33	$66.67	$68.75
$12,500	$31.25	$41.67	$52.08	$62.50	$72.92	$83.33	$85.94
$15,000	$37.50	$50.00	$62.50	$75.00	$87.50	$100.00	$103.13
$17,500	$43.75	$58.33	$72.92	$87.50	$102.08	$116.67	$120.31
$20,000	$50.00	$66.67	$83.33	$100.00	$116.67	$133.33	$137.50
$25,000	$62.50	$83.33	$104.17	$125.00	$145.83	$166.67	$171.88
$30,000	$75.00	$100.00	$125.00	$150.00	$175.00	$200.00	$206.25
$35,000	$87.50	$116.67	$145.83	$175.00	$204.17	$233.33	$240.63
$57,500	$143.75	$191.67	$239.58	$287.50	$335.42	$383.33	$395.31
$65,000	$162.50	$216.67	$270.83	$325.00	$379.17	$433.33	$446.88
$72,500	$181.25	$241.67	$302.08	$362.50	$422.92	$483.33	$498.44
$87,500	$218.75	$291.67	$364.58	$437.50	$510.42	$583.33	$601.56
$95,000	$237.50	$316.67	$395.83	$475.00	$554.17	$633.33	$653.13
$102,500	$256.25	$341.67	$427.08	$512.50	$597.92	$683.33	$704.69
$117,500	$293.75	$391.67	$489.58	$587.50	$685.42	$783.33	$807.81
$138,500	$346.25	$461.67	$577.08	$692.50	$807.92	$923.33	$952.19

Example

Branden borrows a total of $18,000 in unsubsidized Federal Stafford Loans during four years of school and pays the interest on his loans before repayment begins. Branden's interest rate is 8.25 percent.

Year 1	Borrows $4,000	Total Debt $4,000	$27.50	interest per month
Year 2	Borrows $4,000	Total Debt $8,000	$55.00	interest per month
Year 3	Borrows $5,000	Total Debt $13,000	$89.38	interest per month
Year 4	Borrows $5,000	Total Debt $18,000	$123.75	interest per month

Total interest paid on loans while in school: $3,547.56

Repayment*

Monthly payment if interest was NOT paid before repayment began: $264.29
Monthly payment if interest WAS paid before repayment began: $220.77

Total interest paid on the loan if it was NOT paid before repayment began: $10,166.82
Total interest paid on the loan if it WAS paid before repayment began: $8,492.97
Branden saves **$1,673.85** in interest over 10 years by making interest payments while in school!

*Based on a standard 10-year repayment period

An additional repayment option, the extended repayment plan, is available for new borrowers who received their FFELP loans on or after Oct. 7, 1998, and whose total FFELP loan debt exceeds $30,000.

Repayment Options... Choosing the Right Path

Contact your loan holder to find out more about the following repayment options.

Prepayment: Great If You Can Do It!

- You may prepay all or part of your loan(s) at any time without penalty.
- Prepayment may substantially decrease your total interest costs.
- Be sure to indicate on your payment coupon that prepayments should be applied to the principal if you do not want them applied to a future payment.

Standard Repayment: Lowest Total Cost (if you are not prepaying)

- Fixed schedule of equal monthly payments
- 10-year repayment period
- Minimum $50 monthly payment
- Ideal for borrowers capable of meeting full monthly principal and interest payments

Graduated Repayment: Short-Term Relief

- Monthly schedule that starts with small payments that increase gradually over time
- 10-year repayment period
- Your loan holder will set your minimum monthly payment.
- Assumes your income will grow over time to cover the increasing loan payments
- The total interest paid will be somewhat higher than with the standard repayment plan.

Income-Sensitive Repayment: Temporary Safety Net

- Changing payment schedule that assigns fixed monthly payments for one year at a time — scheduled payments may increase or decrease each year as your income rises or falls
- 10-year repayment period that can be extended annually up to five years if payments are less than the standard principal and interest
- Your loan holder will set your minimum monthly payment based on income documentation you provide.
- Monthly payments generally range from 4 to 25 percent of your gross monthly income.

Consolidation: An Option for Borrowers With One or More Student Loans

- Allows you to pay off one or more outstanding student loans (subsidized and unsubsidized Federal Stafford, Federal PLUS, Federal SLS, ALAS, Perkins, FISL and/or HPSL) with a new loan with new terms
- Features one payment and one lender
- The interest rate is a weighted average of the interest rates for the loans being consolidated and is rounded up to the nearest one-eighth of 1 percent (cap of 8.25 percent).
- Extended repayment period of up to 30 years
- Reduced deferment opportunities
- Lower monthly payments but higher total interest costs
- This is an affordable monthly payment option for those who have borrowed large amounts; however, the total payback amount is more. Consult your lender to determine whether a Federal Consolidation Loan is the best option for you.

Extended Repayment Plan

- For new borrowers with FFELP loans disbursed on or after Oct. 7, 1998, and whose total FFELP loan debt exceeds $30,000
- Fixed annual or graduated payment schedule
- Maximum 25-year repayment period
- Your loan holder will set your minimum monthly payment, which must at least equal the amount of interest due.

Tip

Repayment

If you pay more than the minimum monthly payment, you will pay less interest in the long run, thereby reducing your total debt — sometimes substantially!

Having Trouble Making Payments?

The single most important thing to do is stay in touch with your loan holder. If you think you're going to miss a payment, contact your loan holder immediately!

If you are unable to make your scheduled student loan payment(s), you may qualify for a deferment or forbearance.

Contact your loan holder for more information about eligibility requirements and application procedures. It is your responsibility to provide all documentation required to process the deferment in a timely manner.

Deferment

A deferment is a temporary period of time when you are not required to make loan payments. Numerous deferment options are available, and the type of deferment for which you qualify depends on when you borrowed your first outstanding FFELP loan. Deferment eligibility criteria are very specific and are outlined by the U.S. Department of Education.

Subsidized Federal Stafford Loan Borrowers
The federal government will pay the interest that accrues during the deferment period.

Unsubsidized Federal Stafford, SLS, PLUS, and Most Consolidation Loan Borrowers
You are responsible for paying all interest that accrues during deferment periods; however, you may choose either to pay the interest during this time or to defer interest payments. Deferred interest payments will be accumulated and added to the principal (capitalized) when repayment begins, thus increasing your total loan debt. For more information about Federal Consolidation Loan interest benefits during deferment periods, see note 3 on page 23.

Federal SLS Borrowers Who Also Have a Federal Stafford Loan
By signing a Federal Stafford Loan MPN, you authorize your loan holder to defer repayment of your Federal SLS loan principal until six months after you stop attending school at least half time. This will make your SLS loan repayment coincide with your Stafford Loan repayment. During this time, interest continues to accrue on the SLS loan as well as on any unsubsidized Stafford Loan. Interest payments will be deferred, accumulated, and added to the principal (capitalized) when repayment begins. You may choose to pay interest as it accrues, but you must request this option from your loan holder.

Tip

Take extra precautions!

- **If you request a deferment or forbearance in writing, keep a copy of your request. If you make the request by phone, document the call.**
- **Follow up with your loan holder to see if the deferment or forbearance request was acted upon.**
- **DO NOT assume the loan holder has approved your deferment or forbearance request until you receive notification from them.**

See pages 22 and 23 for more information about deferments.

Forbearance

A forbearance is another way to extend the time you have to repay your loan(s) by allowing you to temporarily lower or postpone payments. Forbearance is granted when you are willing but temporarily unable to make full or partial payments and do not qualify for a deferment (for example, due to excessive medical bills). Contact your loan holder to request a forbearance.

The two main differences between a deferment and a forbearance are:

- ✔ **During a deferment, subsidized Federal Stafford Loan borrowers do not have to pay interest that accrues; but during a forbearance, all borrowers are responsible for paying interest.**
- ✔ **Receiving a deferment is one of your rights as a borrower (as long as you are eligible). However, the granting of most forbearances is discretionary; it is completely up to your loan holder whether to do so. Loan holders are required, under certain provisions, to grant a borrower a forbearance. Contact your loan holder to learn more about mandatory forbearances.**

Cancellation (also known as "loan forgiveness")

Your student loan or a portion of your student loan may be cancelled (in other words, you won't have to repay it) for the reasons listed below. If you think you are eligible for loan cancellation, contact your loan holder for specific eligibility and documentation requirements.

Total and Permanent Disability Discharge: If the borrower becomes totally and permanently disabled

Death Discharge: If the borrower (or student for whom the parent received a Federal PLUS loan) dies

False Certification Discharge: If the school falsely certified the borrower's eligibility for the loan

Closed School Discharge: If the borrower received loan funds to attend a school that closed before the student could complete the program (The school must have closed within 90 days of the student's last date of attendance.)

Unpaid Refund Cancellation: If the borrower (or student for whom the parent received a Federal PLUS loan) withdrew from, was terminated from, or did not attend the school, resulting in a refund due to the borrower; and the borrower did not receive the benefit from the refund for which he or she was entitled

Teacher Loan Forgiveness: For Federal Stafford Loan borrowers (whose oldest outstanding FFELP loan was disbursed on or after Oct. 1, 1998) who teach full time in low-income Title I schools for five consecutive, complete academic years

Child Care Provider Forgiveness: For Federal Stafford Loan borrowers (whose oldest outstanding loan was disbursed on or after Oct. 1, 1998) who have an associate or bachelor's degree in early childhood education and work at least two consecutive years in a child care facility that serves a low-income community.

Planning to transfer?

If you transfer to a new school, contact your loan holder, who will obtain documentation of your last day of attendance at your previous school. Remember, your loan holder needs to know you're still enrolled in school. If you don't notify your loan holder, you may be required to begin repaying your student loan(s) sooner than necessary, perhaps even while you're still in school. (In other words, the loan holder may assume you left school because the loan holder's records show you are no longer enrolled in the previous school.)

Also, be sure to contact the financial aid offices at BOTH schools: the one you transfer from and the one you transfer to.

Reading is a MUST!

It is VERY important that you read any correspondence you receive about your FFELP loan(s), regardless of whether it's from your lender, loan holder, guarantor, secondary market, or a collection agency.

SFA Ombudsman

If you have a question or concern about your student loan, first contact your school, lender, or guarantor. Another resource available to you is the U.S. Department of Education's SFA Ombudsman. The SFA Ombudsman works with student loan borrowers to help informally resolve student loan disputes and problems. The toll-free Ombudsman Customer Service Line is (877) 557-2575. The mailing address is U.S. Department of Education, FSA Ombudsman, 4th Floor, 830 First Street NE, Washington, DC 20202-5144. For more information, visit www.fsahelp.ed.gov.

Consolidation...An Alternative Route

If you are financially unable to manage your loans or if you have loans through different lenders or with different loan holders, consider applying for a Federal Consolidation Loan. Loan consolidation allows you to combine one or more outstanding federal student loans into one new loan (payable to one loan holder) and to extend the overall length of your repayment period, reducing your monthly payment amounts.

Keep in mind, however, two important points about loan consolidation:

- ✔ **The total amount you repay will probably be MORE because you are increasing the amount of time to repay the loan and the interest rate may be higher than the interest rate(s) on your original loan(s).**
- ✔ **You may forfeit your eligibility for certain deferment opportunities.**
- ✔ **If you consolidate your loan(s) while you are in your grace period, you will forfeit the remaining grace period.**

Contact your lender or loan holder to see if loan consolidation is the best option for you.

Loans Eligible for Consolidation

- Subsidized and unsubsidized Federal and Direct Stafford Loans
- Federal and Direct PLUS loans
- Federal Supplemental Loans for Students (SLS)
- Federal Perkins Loans
- Auxiliary Loans to Assist Students made before Oct. 17, 1986
- Federal Insured Student Loans
- Health Professions Student Loans, including Loans for Disadvantaged Students
- Health Education Assistance Loans (HEAL)
- Nursing Student Loans

Interest Rate

Generally, the interest rate on a Federal Consolidation Loan is the weighted average of the interest rates for the loans being consolidated, rounded up to the nearest one-eighth of 1 percent and capped at 8.25 percent.

If you consolidate your HEAL loan(s), the portion of the consolidation loan that repays your HEAL loan(s) has a variable interest rate that changes annually.

Maximum Repayment Period

The maximum time you are allowed to repay a Federal Consolidation Loan varies, depending on the amount of your loan and any outstanding amounts you owe on other education loans that are not included in the consolidation.

Less than $7,500	10 years	$20,000 - $39,999	20 years
$7,500 - $9,999	12 years	$40,000 - $59,999	25 years
$10,000 - $19,999	15 years	more than $59,999	30 years

Tip

Married?

Married couples are eligible to consolidate their individual loans together. Doing so requires both persons to be held "jointly and severally liable" for repayment of the entire debt (even if the repayment period outlasts the marriage). Also, BOTH individuals must qualify if you want a deferment.

Don't Get Lost...Default Can Ruin Your Record

You will be considered "delinquent" on your loan if you are late making a payment. Delinquencies of more than 90 days are reported to national credit bureaus. If you allow your account to default, the consequences will be serious.

Defaulters don't slip through the cracks!

If you default, you face serious penalties. Unlike consumer loans, federal student loans do not have a statute of limitations. If you default on your FFELP loan, the holder of your loan may garnish your wages or take other action against you at any time until the loan is paid in full. Also keep in mind that interest continues to accrue on the debt and collection costs may be added, and years of not paying back a loan will substantially increase the total debt.

Loans are not gifts or grants! They must be repaid!

Being in default is a violation of your loan agreement. If you are at least 270 days late on a scheduled payment, you will be considered in default. Loan holders will assume you do not intend to repay your student loan and will file a "default claim" with your guarantor.

Some of the consequences of defaulting on a student loan include:

- ✔ **Your default will be reported to national credit bureaus and will remain on your credit report for seven years AFTER your loan is paid in full. You will be assigned the worst possible credit rating, which can have severe consequences on your ability to obtain a credit card, a loan for a house or car, or other financing.**
- ✔ **While you retain your right to review your academic records, a hold can be placed on your official academic transcript.**
- ✔ **Your loan, including interest, becomes immediately due and payable in full.**
- ✔ **Your loan may be turned over to a collection agency, and you may be charged collection costs.**
- ✔ **Your guarantor or the U.S. Department of Education may file a lawsuit against you to collect the debt.**
- ✔ **Your federal Treasury payments (for example, federal tax refunds and Social Security payments) and state income tax refunds may be withheld and applied toward your outstanding loan balance.**
- ✔ **Up to 10 percent of your net wages may be garnished and applied toward your loan.**
- ✔ **You may be ineligible to receive any federal or state financial assistance funds as well as deferments or forbearances.**
- ✔ **Your default will have an adverse effect on the FFEL Program and could jeopardize the educational opportunities of future students.**

Default...A Road Block You Can Avoid

The key to preventing default is **COMMUNICATION**. There is no reason to default. Your loan holder can help you only if you communicate at the first sign of a problem with repayment. Contact your loan holder the first time you are unable to make your payment.

If you cannot pay:

- ✔ **You may be eligible for a deferment or forbearance. Your loan holder will help you determine this.**
- ✔ **Consider a Federal Consolidation Loan, which may allow smaller monthly payments by combining current payments or by extending your repayment period. (See page 15.)**
- ✔ **Ask about options like extended, graduated, and income-sensitive repayment terms. (See page 12.)**
- ✔ **Review your budget and, if necessary, seek professional financial counseling.**

Your choices about your student loan debt can enable you to finance an educational investment in yourself and can open many doors to opportunity.

Also, remember to contact your loan holder if:

- your address or phone number changes,
- you don't hear from your loan holder during your grace period, or
- your name, employer, or Social Security number changes.

It's on the pocket!

Complete the information on the front pocket of this book, and refer to it when you need to contact your loan holder.

Reference Section

Who

Borrower - The person who obtains the loan from the lender. **You!** (Or in the case of a PLUS loan, a PARENT borrower.)

Credit Bureau - An organization that maintains information on a person's credit history. Financial institutions and other creditors, employers, and landlords obtain credit bureau reports for information about a person's credit rating. Defaulted student loans are reported to credit bureaus and remain on the borrower's credit rating for seven years after the account is paid in full.

Eligible School - A postsecondary institution approved by the U.S. Department of Education for participation in the Federal Family Education Loan Program (FFELP). Your school's financial aid office will determine your eligibility for many types of financial aid, including grants, scholarships, and loans, and will process your loan application.

Endorser (or Co-signer) - A person who agrees to repay the loan if the borrower does not.

Federal Government - The federal government regulates the Federal Family Education Loan Program (FFELP). Congress makes the laws for the FFELP, and the U.S. Department of Education regulates and enforces them.

Guaranty Agency (or Guarantor) - An organization that administers the Federal Family Education Loan Program (FFELP) on behalf of the U.S. Department of Education. If a borrower defaults on a loan, the guaranty agency will pay the lender for the loan and collect the loan from the defaulted borrower. The Missouri Student Loan Program is Missouri's "designated" guaranty agency. (Your guarantor should be listed on the Notice of Loan Guarantee you receive from your lender.)

Holder - A lender or secondary market that purchases a student loan and has the right to collect from the borrower.

Lender - A bank, savings and loan, or credit union that provides the actual loan funds. Some lenders will "service" (that is, handle correspondence for) your loan while you are in school. Other lenders will sell and transfer your loan to a secondary market.

MSLP - The Missouri Student Loan Program is the guarantor of your Federal Family Education Loan Program (FFELP) loan.

NSLDS -National Student Loan Data System. NSLDS tracks your student loan(s) from the time the loan(s) is approved until it is paid in full. You can access NSLDS online at www.mslds.ed.gov.

Secondary Market - Secondary markets, such as MOHELA and Sallie Mae, purchase student loans from lenders and service them until they are paid in full. You will be notified by mail if your lender sells your loan to a secondary market.

Servicer - Private companies that many schools, lenders, guaranty agencies, and secondary markets contract with to handle student loan processing.

SFA Ombudsman - An office within the U.S. Department of Education that works with student loan borrowers to informally resolve loan disputes and problems. (See page 14 for more information.)

What

Cancellation (or Loan Forgiveness) - The release of a borrower's obligation to repay, i.e., forgiveness of the debt. (See page 14 for more information.)

Collection Costs - If you are late making a payment, your lender or guaranty agency may add collection costs to your account; this will increase your total debt.

Consolidation - The combining of one or more student loans into a new loan. Generally, this results in lower monthly payments but higher total interest costs. (See pages 12 and 15 for more information.)

Default - A loan is considered to be in default when the account is 270 days delinquent. Once in default, it is reasonable to conclude that the borrower does not intend to repay. (See pages 16 and 17 for more information.)

Deferment - A period of time during which you may postpone payments. (See pages 13, 22, and 23 for more information.)

Delinquency - Failure to make a full payment when it is due.

Fees - Federal Stafford Loan and Parent Loans for Undergraduate Students (PLUS) borrowers may be charged two types of fees when the loan is disbursed.

- A **guarantee fee** (also called "insurance premium") is equal to a maximum of 1 percent of the loan amount. The Missouri Student Loan Program does not charge a guarantee fee.
- An **origination fee** is equal to a maximum of 3 percent of the loan amount. Your lender will deduct this amount from each disbursement of your loan proceeds and remit it to the U.S. Department of Education. Your lender may choose to pay all or a portion of this fee on your behalf.

FFELP - The Federal Family Education Loan Program is a federal student loan program made up of subsidized and unsubsidized Federal Stafford Loans, Federal Parent Loans for Undergraduate Students (PLUS), and Federal Consolidation Loans.

Forbearance - A period of time during which you are permitted to stop making payments or reduce the amount of payments. (See page 14 for more information.)

Grace Period - The time period between the day you are no longer enrolled at least half time and the day you must begin repayment. (See page 10 for more information.)

Interest -

- **Simple interest** is calculated on the principal portion of your student loan.
- **Variable interest** rates are tied to a certain index (depending on the loan) and change periodically as the index changes.
- **Fixed interest** rates do not change during the life of the loan.
- **Accrued interest** builds gradually on the loan and is payable by the borrower or federal government, depending on the loan type. Each day, interest is calculated on the unpaid principal balance and becomes accrued interest.
- **Capitalized interest** is unpaid accrued interest that is added to the principal balance. When interest is capitalized, your total debt increases. (See page 11 for more information.)

Loan Forgiveness - See "Cancellation."

Master Promissory Note (MPN) - When you sign a Master Promissory Note, you promise to pay all the loans made under that note. (See page 6 for more information.)

Notice of Loan Guarantee - A form you will receive from your lender, containing the names, addresses, and phone numbers of your guarantor, school, and lender and specifying your interest rate, the disbursement date(s) set by your school, and the total original amount of student loans guaranteed by your guarantor.

Principal - The actual amount borrowed. (The face value of a loan or the amount on which interest is charged.)

Promissory Note - The legal and binding contract a borrower signs promising to repay a loan. (See also "Master Promissory Note.")

Repayment Schedule (or Disclosure of Terms) - A document with information about the terms of your repayment, such as the monthly payment amount, the number of payments, the first due date, and subsequent due dates. *Remember: Your loan is due when your grace period ends whether or not you receive repayment information or otherwise hear from your loan holder. If you are not contacted within five months of leaving school, notify your loan holder.* (See page 12 for more information.)

Satisfactory Academic Progress - To remain eligible for Federal Family Education Loan Program (FFELP) loans, students must maintain satisfactory academic progress as defined by the school.

State Tax Offset - The withholding of a defaulted borrower's state income tax refund to pay a student loan debt.

Subsidized (or Interest Subsidy) - The federal government pays the interest on your loan while you are enrolled in school at least half time, during authorized deferment periods, and during your grace period. You are not required to make any principal or interest payments during these periods.

Treasury Offset - The withholding of a defaulted borrower's federal Treasury payments, such as federal tax refunds or Social Security benefits, to pay a student loan debt.

Unsubsidized - The federal government does NOT make any interest payments on an unsubsidized loan. However, like with a subsidized loan, you do not have to make any principal payments on an unsubsidized loan while you are enrolled in school at least half time, during authorized deferment periods, and during your grace period. Unpaid interest will be added to the principal balance on your loan.

Wage Garnishment - The withholding of up to 10 percent of a defaulted borrower's wages to pay a defaulted student loan debt.

Student Loan Repayment Chart

Standard 10-Year Repayment Period

Total Amount Borrowed	Minimum Payment	Total Interest Paid	Minimum Annual Salary Needed	Minimum Hourly Salary Needed
$5,000	$61.33	$2,359.16	$9,199	$4.42
$7,500	$91.99	$3,538.74	$13,798	$6.63
$10,000	$122.65	$4,718.32	$18,398	$8.85
$12,500	$153.32	$5,897.89	$22,997	$11.06
$15,000	$183.98	$7,077.47	$27,597	$13.27
$17,500	$214.64	$8,257.05	$32,196	$15.48
$20,000	$245.31	$9,436.63	$36,796	$17.69
$25,000	$306.63	$11,795.79	$45,995	$22.11
$30,000	$367.96	$14,154.95	$55,194	$26.54
$35,000	$429.28	$16,514.10	$64,393	$30.96
$42,500	$521.27	$20,052.84	$78,191	$37.59
$57,500	$705.25	$27,130.31	$105,788	$50.86
$65,000	$797.24	$30,669.05	$119,586	$57.49
$72,500	$889.23	$34,207.78	$133,385	$64.13
$87,500	$1,073.21	$41,285.26	$160,982	$77.39
$95,000	$1,165.20	$44,823.99	$174,780	$84.03
$102,500	$1,257.19	$48,362.73	$188,578	$90.66
$117,500	$1,441.17	$55,440.20	$216,175	$103.93
$138,500	$1,698.74	$65,348.66	$254,811	$122.51

All figures are based on an 8.25 percent annual interest rate and equal monthly payments.

Minimum salaries are based on the 8 percent recommendation: Student loan payments should not exceed 8 percent of your gross income.

Student Loan Repayment Chart

Extended 25-Year Repayment Period*

Total Amount Borrowed	Minimum Payment	Total Interest Paid	Minimum Annual Salary Needed	Minimum Hourly Salary Needed
$30,000	$236.54	$40,960.51	$35,480	$17.06
$35,000	$275.96	$47,787.26	$41,394	$19.90
$42,500	$335.09	$58,027.39	$50,264	$24.17
$57,500	$453.36	$78,507.65	$68,004	$32.69
$65,000	$512.49	$88,747.78	$76,874	$36.96
$72,500	$571.63	$98,987.90	$85,744	$41.22
$87,500	$689.89	$119,468.16	$103,484	$49.75
$95,000	$749.03	$129,708.29	$112,354	$54.02
$102,500	$808.16	$139,948.42	$121,224	$58.28
$117,500	$926.43	$160,428.67	$138,964	$66.81
$138,500	$1,092.00	$189,101.03	$163,801	$78.75

All figures are based on an 8.25 percent annual interest rate and equal monthly payments.

Minimum salaries are based on the 8 percent recommendation: Student loan payments should not exceed 8 percent of your gross income.

*You may be eligible for the extended repayment plan if you received your oldest outstanding FFELP Loan on or after Oct. 7, 1998, and your total FFELP debt exceeds $30,000.

Types of Deferments

Economic Hardship - For borrowers who earn less than the minimum wage or who exceed a federally defined debt-to-income ratio

Full-Time Student - For borrowers enrolled full time at an eligible institution

Graduate Fellowship - For borrowers engaged in full-time study under a graduate fellowship program approved by the U.S. Department of Education

Half-Time Student - For borrowers enrolled at least half time but less than full time at an eligible institution

Rehabilitation Training Program - For borrowers engaged in study under a rehabilitation training program for persons with disabilities that have been approved by the U.S. Department of Education

Unemployment - For individuals who are actively seeking but unable to find full-time employment in the United States, regardless of whether he or she has been employed previously and of the circumstances under which any previous employment ended (A borrower is not eligible if he or she refuses to consider positions, salaries, or responsibility levels for which he or she feels overqualified.)

Remember: Your eligibility for a deferment is based on your oldest outstanding FFELP loan.

Borrowers with outstanding loans made before July 1, 1993, may qualify for other types of deferment. Consult the chart on the next page, and contact your loan holder for more information.

Deferment Types and Limitations

			Federal Stafford & SLS Loans			Federal PLUS Loans				Federal Consolidation Loans[3]	
Deferment Type	Time Limit	Deferment Form	Before 7-1-87	7-1-87 to 6-30-93[1]	On/After 7-1-93[2]	Before 8-15-83	8-15-83 to 6-30-87	7-1-87 to 6-30-93[1]	On/After 7-1-93[2]	Before 7-1-93	On/After 7-1-93[2]
Full-Time Student	N/A	EDU	•	•	•	•[4]	•[4]	•[4]	•[5]	•	•
Half-Time Student	N/A	EDU		•	•			•[4]	•[5]	•	•
Graduate Fellowship	N/A	EDU	•	•	•	•[5]	•[5]	•[5]	•[5]	•	•
Rehabilitation Training	N/A	EDU	•	•	•	•[4]	•[4]	•[4]	•[5]	•	•
Armed Forces/Public Health	3 years	PUB	•	•		•					
NOAA Corps	3 years	PUB		•							
Peace Corps/ACTION	3 years	PUB	•	•		•					
Volunteer Service	3 years	PUB	•	•		•					
Teacher Shortage Area	3 years	EDU		•							
Temp. Total Disability	3 years	TDIS	•	•		•	•	•		•	
Tax-Exempt Org.	3 years	PUB	•	•		•				•	
Economic Hardship	3 years	HRD			•				•		•
Unemployment	2-3 years	UNEM	•	•	•	•	•	•	•	•	•
Internship/Residency	2 years	EDU	•	•		•					
Working Mother	1 year	PLWM		•							
Parental Leave	6 months	PLWM	•	•							

1 **July 1, 1987 to June 30, 1993** – A borrower whose oldest outstanding FFELP loan was made between July 1, 1987, and June 30, 1993, inclusive:

- A borrower who had an outstanding balance on a loan made between July 1, 1987, and June 30, 1993, on the date a new loan was made on or after July 1, 1993.
- A borrower whose Consolidation loan made before July 1, 1993, repaid **only** loans made on or after July 1, 1987.

2 **On/After July 1, 1993** – A borrower whose oldest outstanding loan was made on or after July 1, 1993.

3 **Federal Consolidation Loans and Interest Benefits During Deferment**

- Federal Consolidation Loans made from an application received by the lender on or after Jan. 1, 1993, and before Aug. 10, 1993, are eligible for interest benefits during deferment.
- Federal Consolidation Loans made from an application received by the lender on or after Aug. 10, 1993, are eligible for interest benefits ONLY if the Federal Consolidation Loan consists of only subsidized Federal Stafford Loans.
- Federal Consolidation Loans made from an application received by the lender on or after Nov. 13, 1997, are eligible for interest benefits on the portion of the Federal Consolidation Loan that repaid subsidized FFELP and Direct Loans.

4 EITHER the parent borrower OR dependent student for whom the parent obtained the PLUS loan must meet deferment eligibility requirements. PLUS borrowers who apply for deferment based on the eligibility of the dependent student must use the separate "PLUS" form.

5 The parent borrower must meet deferment eligibility requirements.

Notes

Entrance Interview Verification Form

Student Information

Please print clearly.

Name (last, first, m.i.) ______________________ Date of Birth ______________

Social Security Number ____________ Driver's License (state and number) ______________

School/Temporary Address (street) ______________________

(city, state, ZIP code) ______________________

School/Temporary Phone Number ______________________

E-mail Address ______________________

Permanent Address (street) ______________________

(city, state, ZIP code) ______________________

Permanent Phone Number ______________________

Borrower Rights and Responsibilities Checklist

Check off each box once you understand each statement.

I understand I have a RIGHT to:

- ❏ notification, in writing, if my loan is sold or transferred, showing the name, address, and phone number of the new holder. I must direct all future correspondence to that new holder. The current holder of my loan is ______________________.

  My guaranty agency is ______________________.
- ❏ defer repayment for a defined period if I qualify and if I request it from my lender/holder.
- ❏ request a forbearance from my lender/holder if I do not qualify for a deferment and if I am unable to make payments on my loan.
- ❏ prepay all or any part of the amount I owe without penalty.
- ❏ a standard minimum monthly loan payment of $50, which can be more depending on the amount I borrow OR less with a graduated or income-sensitive repayment option.
- ❏ a maximum of 10 years to repay my loan, unless my loans are consolidated or I qualify for the extended repayment schedule option. Extending my repayment period may increase my overall debt.

  Repayment will begin as follows:
  - after a six-month grace period for subsidized Federal Stafford Loans,
  - after a six-month grace period for unsubsidized Federal Stafford Loans, even though interest accrues while I am in school and can be paid or postponed until graduation, and
  - within 60 days of the last disbursement for PLUS loans, unless a deferment has been approved.
- ❏ a copy of my promissory note (either before or at the time my loan is made).
- ❏ reduce or refuse the amount of loan funds my school tells me I am eligible to receive.
- ❏ choose my lender.

I understand:

- ❏ I must repay my loan and all accrued and/or capitalized interest and fees according to the established repayment schedule, even if I drop out of school, cannot find a job, or am dissatisfied with the education I receive.
- ❏ I must notify my school and lender(s)/holder(s) if I:
  - change my address,
  - change my name,
  - change my phone number,
  - change my Social Security number,
  - withdraw from school,
  - drop below half-time attendance,
  - transfer to another school, or
  - change my graduation date.
- ❏ I must attend an exit interview before I leave school.
- ❏ if I fail to repay my loan, I will be considered in default and the following may result:
  - My loan will be reported to national credit bureaus and will have a negative effect on my credit rating for at least seven years.
  - The entire unpaid amount of my loan, including interest, will become immediately due and payable.
  - My federal Treasury payments and state income tax refunds may be withheld.
  - My wages may be garnished.
  - I may be ineligible to receive any additional federal or state financial assistance funds.
  - My loan may be referred to a collection agency.
  - My guarantor or the U.S. Department of Education may file a lawsuit to collect the debt.

I have read and understand all of the above information as well as the borrower's rights and responsibilities section contained on my promissory note. I also understand that my student loans generally are not dischargeable through bankruptcy.

Borrower Signature ______________________ **Date** ______________

MISSOURI
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